

SUPPLEMENTAL BENEFITS



Effective March 2011, the Retirement Fund (“GGRF”) began processing and transmitting supplemental benefit payments directly to retirees.

Since most annuitants receive their annuity payments through Electronic Funds Transfer (EFT), the processing of payments by EFT, where applicable, will reduce the Government of Guam Department of Administration’s (“DOA”) costs for checks, envelopes, and postage.

Payments will be made to eligible annuitants, as usual in a lump sum at the end of each month. **The payments will be remitted by Electronic Funds Transfer (EFT) to those who receive their annuity through EFT, and by check to those who receive their annuity by check.**

However, since the supplemental benefits are dependent on legislative appropriation :

1. GGRF will process supplement payments only upon receipt of appropriations from DOA.
2. Regular semi-monthly annuities will continue to be paid separately from the supplemental benefit.
3. GGRF will as much as possible remit the supplemental benefit concurrently with the end-of the month annuity payment.

SP206-93 COLA AWARD UPDATE



Pursuant to Public Law 30-239, the Department of Administration, with the assistance of the Retirement Fund, has processed full payment of principal and interest for 852 living Awardees and/or deceased Awardees’ surviving spouses, beneficiaries, heirs, or estate personal representatives, in accordance with Public Law 30-101.

Checks were mailed by the Department of Administration on Wednesday, February 16, 2011.

Disbursements were made starting with the COLA Awardee with the lowest initial COLA Award (Award), followed by the next lowest Award. This methodology was repeated until the \$3,000,000 appropriation was exhausted.

The largest initial COLA Award was \$32,856.81. As such, there were **no payments** to Awardees whose **COLA Awards are greater than \$32,856.81.**

As with prior COLA Award and/or Interest disbursements, a payment schedule has not been established. Further payments will be made as funds become available.

FORM 1099-R



Retirees who received semi-monthly benefits in calendar year 2010 should have received by mail, their Form 1099-R from the Retirement Fund.

Form 1099-R provides information on benefits paid and amounts withheld for federal income tax. The Retirement Fund has reported this information to the Department of Revenue and Taxation, for each retiree who is sent a form.

Retirees who have not received a Form 1099-R for their annuity benefits should contact the Retirement Fund at 475-8900.

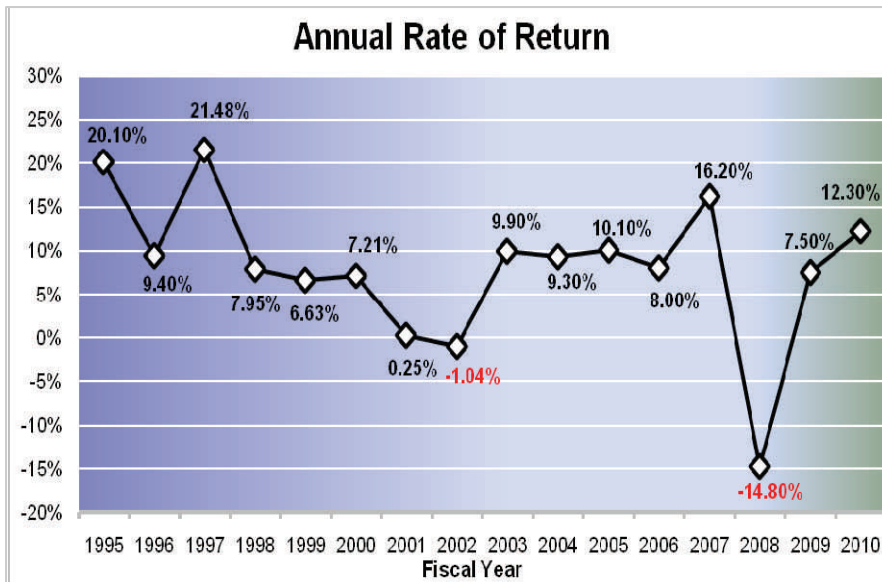
DEFINED BENEFIT PLAN (DB PLAN) - INVESTMENTS

For 2010, the DB Plan investment portfolio posted a positive return of 12.3%. The market value of DB Plan investments increased by \$16.3 million (M), ending the year at \$1.18 billion (B).

In 2010, GGRF outperformed the median of a peer group of other U.S. based public funds and the benchmark index. GGRF ranked in the top 25% of the Public Funds Universe, outperforming 85% of other public funds. The portfolio remains fully diversified within various asset classes.

To ensure a better return under a range of market conditions, while lowering the overall portfolio risk, investments are allocated among various asset classes.

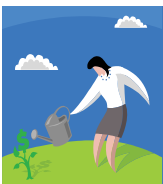
A number of investment managers are utilized allowing the portfolio to achieve broad exposure to the investment markets minimizing overall risk. To mitigate other risks, the GGRF Board, with the guidance of its investment consultant, consistently evaluates the relative performance of each manager, and rebalances the portfolio accordingly.



During 2010, \$54.3M in investments were liquidated in order to meet benefit payment obligations, compared to \$47M in liquidations in 2009. The \$7.3M increase was due to the utilization of \$8M of the \$21M in bond proceeds (for GMHA and GDOE receivables) to meet benefit payment obligations in the prior year.

DB Plan investments, combined with future earnings and additional member and employer contributions, will be used to pay retirement benefits.

DEFINED CONTRIBUTION PLAN



DC Plan net assets increased by \$34.2M (17.9%) in FY 2010. The plan ended the year with a net appreciation in fair value of investments of \$15M up \$6.1M from 2009's \$8.9 M.

DC Plan investment options include core mutual funds, target date funds, and an actively managed Treasury Inflation-Protected Securities (TIPS Fund). The core mutual funds allow members to create their own portfolios based on the type of investments that best fit their time horizon, risk tolerance, and investment goals.

The GGRF Board recognizes the need for participants to adequately save and plan for generating a reliable stream of retirement income. As such, the Board is still considering alternative plan designs, which may include defined benefit plan features, to enhance the retirement benefits available to DC Plan members.

KEEP YOUR INFORMATION CURRENT



All DB and DC Plan Members - **active, inactive, retirees, and survivors** - are highly encouraged to:

1. Keep their mailing address, contact numbers, marital status, and dependent information current.
2. Update relevant forms periodically, especially following life status changes such as: marriage, divorce, the death of a spouse or dependent, and when your dependent child attains 18 years of age, marries or enrolls/withdraws/re-enrolls, as a full time student.

Life-status changes may affect *your level of coverage* for eligible benefits, and the *costs* related to such coverage.